

**MINUTES OF A SPECIAL MEETING
CITY COMMISSION
FORT LAUDERDALE, FLORIDA
JUNE 25, 2002**

Meeting was called to order at 4:02 P.M. by Mayor Naugle on the above date, in the 8th Floor City Commission Conference Room.

Roll call showed:

Present:	Commissioner Tim Smith Commissioner Carlton B. Moore Commissioner Cindi Hutchinson Commissioner Gloria F. Katz Mayor Jim Naugle
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Absent:	None
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Also Present:

City Manager	F. T. Johnson
Assistant City Attorney	Sharon Miller
City Clerk	Lucy Masliah

Mr. Pete Witschen, Assistant City Manager, gave a brief history of this transaction. Basically, the City Commission had approved a \$200,000 Enterprise Zone loan for Sci-Fi Megaplex, which was used to purchase the property on 1800 West Broward Boulevard as its corporate headquarters. A first mortgage was obtained on the property and recorded in August 1999, and in November of the same year, a second mortgage was obtained against the property for \$300,000. In December of 2000, Sci-Fi notified the City that it had filed for Chapter 11 bankruptcy, and after several court actions, the City subsequently filed foreclosure action with regard to its first mortgage.

Mayor Naugle asked if the City's mortgage was in first position and if the amount owed on the mortgage was current. *Mrs. Hope Calhoun, Assistant City Attorney*, replied the City's mortgage was in first position. Mr. Witschen stated the principal and interest were approximately \$288,000 as of June 1st. Mr. Witschen added the City would get the principal and interest and \$77.84 per day after June 1st.

Commissioner Moore indicated the last sentence of the memo stated this action would allow for execution of an assignment of mortgage for the loan. Ms. Calhoun clarified that this would allow for a sale and assignment of the mortgage, which means the buyer would pay the City \$256,000 plus costs.

Commissioner Smith wanted to confirm that the buyer would assume the debt and obtain a mortgage for \$1.2 million. Commissioner Moore stated nothing would change the City's first position on the mortgage.

Ms. Calhoun agreed and said the City would basically be removed from the transaction and would be "made whole" by this approval.

Commissioner Moore wanted to know why Sci-Fi had never made a payment to the City. Mr. Witschen replied that it was an Enterprise Zone loan that allowed for one year payment deferral; when payments came due, Sci-Fi did not pay and repeatedly applied for financing options. It eventually went into default, and that was the purpose of this meeting today.

Commissioner Moore wanted to know if this deal would take place within 30 days of this date. Ms. Calhoun agreed, and Commissioner Moore added that if it did not take place within this time frame, then the deal would no longer be available. Commissioner Moore confirmed that the closing would have to take place prior to July 25, 2002.

Commissioner Smith welcomed the new owners and asked what kind of business it would be. The prospective owner and her attorney, Gloria Gonzalez, replied that it would be a cellular repair and retail business.

Motion made by Commissioner Moore and seconded by Commissioner Katz to approve as recommended and discussed. Roll call showed: YEAS: Commissioners Katz, Smith, Moore, Hutchinson, and Mayor Naugle. NAYS: none.

At 4:10 P.M., Mayor Naugle adjourned the meeting.

Jim Naugle
Mayor

ATTEST:

Lucy Masliah
City Clerk